
Finance Committee

HB 1887

Brief Description: Modifying exemptions to the litter tax.

Sponsors: Representatives Hasegawa, Orcutt and Chase.

Brief Summary of Bill

- Exempts from the litter tax the sale of prepared food or drinks if the items are delivered in multi-use containers to premises occupied by the customer.
- Exempts from the litter tax food or drinks sold solely for consumption outdoors at the seller's place of business or at an eating area that is contiguous to the seller's place of business.

Hearing Date: 2/22/05

Staff: Mark Matteson (786-7145).

Background:

The litter tax. The litter tax, at a rate of 0.015 percent, applies to the value of certain products manufactured and sold within the state and to the gross proceeds of certain products sold at wholesale or retail. The tax applies to the following categories of products:

1. food for human or pet consumption;
2. groceries;
3. cigarettes and tobacco products;
4. soft drinks and carbonated waters;
5. beer and malt beverages;
6. wine;
7. newspapers and magazines;
8. household paper and paper products;
9. glass containers;
10. metal containers;
11. plastic or fiber containers;
12. cleaning agents and toiletries; and
13. sundry products of drugstores other than drugs.

Tax receipts are deposited to the Waste Reduction, Recycling, and Litter Control Account. Funds are used by the Department of Ecology for a litter patrol program employing youth to clean up

public places and for public education and awareness programs relating to litter control and recycling, including development of markets for recycled products and cost of litter tax compliance. In fiscal year 2004, almost \$7 million in collections were reported.

In 2003, the Legislature enacted legislation exempting food and beverages sold for consumption indoors on the business' premises. The exemption does not explicitly address certain similar situations, such as food courts at malls, where food may be eaten in areas that are adjacent to restaurants themselves but that are not actually owned by the restaurants, or situations where part of the business' premises that is made available for dining is outdoors.

Excise Taxation of Caterers. For excise tax purposes, caterers are treated like other restaurants that sell food at retail. Catering sales are subject to the retail sales tax, irrespective of where the caterer prepares the food, and whether the caterer or the customer provides the ingredients for the food preparation. Caterers are also subject to the litter tax, even if the food and drink is provided in multiuse containers or on servingware that is the property of the caterer.

Summary of Bill:

Sales of food or drinks are exempt from the litter tax if the items are sold for consumption either indoors or outdoors at a seller's place of business or for consumption in an eating area adjacent to the seller's place of business. Sales of food or drinks are exempt from the tax if the items are sold in containers that are not designed to be used only once, not intended to become the property of the customer, and that are delivered to premises that are occupied or controlled by the customer.

Appropriation: None.

Fiscal Note: Available.

Effective Date: The bill takes effect 90 days after adjournment of session in which bill is passed.